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C O R R E C T E D C O P Y (GARBLED TEXT LINE 1 PARA 12)

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FOR DEPUTY ASST SECRETARY JULIUS L. KATZ

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TAGS: ETRD, MTN

SUBJECT: GUIDANCE FOR FEBRUARY 16 TROPICAL PRODUCTS GROUP
MEETING

REF; MTN GENEVA 593

1. THI PAPER HAS BEEN CLEARED BY TASK FORCE ON TROPICAL
PRODUCTS. CLEARANCE OF TPC STRUCTURE WILL BE FORMALIZED ON
WEDNESDAY UNLESS MTN DELEGATION HAS COMMENTS THEY WISH
CONSIDERED.

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2. PROBLEM: THE MTN TROPICAL PRODUCTS GROUP (TPG) WILL BE MEETING IN GENEVA FEBRUARY 16 TO AGREE UPON A FORMAT AND PROCEDURES FOR CIRCULATION OF INITIAL OFFERS. OTHER MATTERS THAT MAY BE DISCUSSED INCLUDE PROCEDURES FOR NEGOTIATIONS FOLLOWING THE TABLING OF INITIAL OFFERS, IMPLEMENTATION OF THE CONCESSIONS AGREED UPON, THE QUESTION OF WHETHER AND WHEN CONTRIBUTIONS WILL BE EXPECTED FROM DEVELOPING COUNTRIES, THE CONTINUED PRESENCE OF UNCTAD AS AN OBSERVER AND THE WORK THAT THE GATT SECRETARIAT MAY BE ASKED TO PERFORM IN SUPPORT OF THE NEGOTIATIONS, PARTICULARLY ANY CONSOLIDATION OF OFFERS.

3. THE AGENDA ADOPTED FOR THIS MEETING ALSO STATES THAT THE TPG IS EXPECTED TO: -- REVIEW THE PROGRESS MADE IN THE CONSULTATIONS ON THE REQUEST LISTS; -- CONSIDER QUESTIONS AS TO HOW SPECIAL AND PRIORITY TREATMENT MAY BE ENSURED IN THIS SECTOR WHICH NEED TO BE CONSIDERED ON A MULTILATERAL BASIS (PARA 1(V) OF MTN/TP/1); -- TAKE FULL ACCOUNT OF SOLUTIONS ALREADY PROPOSED DURING THE TECHNICAL AND ANALYTICAL WORK CARRIED OUT IN THE PREDECESSOR GROUP TO THE TPG (PARA 2(III) OF MTN/TP/1); AND -- CONSIDER ANY OTHER MATTERS FOR CARRYING FORWARD THE NEGOTIATIONS ON TROPICAL PRODUCTS WITH THE OBJECTIVE OF SECURING THE EARLIEST POSSIBLE IMPLEMENTATION OF CONCESSIONS ON TROPICAL PRODUCTS.

4. THE U.S. DELEGATION TO THE MEETING WILL REQUIRE GUIDELINES FOR THE HANDLING OF ISSUES THAT WILL BE DEALT WITH AT THIS MEETING AS WELL AS THOSE THAT MAY ARISE. MTN DEL SHOULD DRAW ON PAST POSITION PAPERS FOR ITEMS NOT COVERED HERE.

5. GUIDELINES. FORM AND CIRCULATION OF U.S. OFFER:
THE U.S. DEL SHOULD SEEK AGREEMENT THAT EACH DC WILL TABLE A SINGLE OFFER LIST WHICH MAY BE CIRCULATED TO ALL PARTICIPANTS. WHILE INDIVIDUAL NOTIFICATIONS THROUGH THE SECRETARIAT TO EACH COUNTRY OF THOSE U.S. OFFERS ON AN MFN BASIS OF POTENTIAL BENEFIT TO THAT COUNTRY COULD SERVE TO EMPHASIZE TO EACH COUNTRY THOSE ITEMS FOR WHICH THE U.S. WOULD EXPECT CONTRIBUTIONS, SUCH NOTIFICATIONS SHOULD BE LIMITED OFFICIAL USE

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MADE ON A BILATERAL BASIS, NOT AS PART OF THE TPG EXERCISE. THE BASIC REASON FOR THIS IS THAT MOST OTHER COUNTRIES, BOTH DC AND LDC, DO NOT UNDERSTAND OR SHARE OUR NEED FOR LDC CONTRIBUTIONS IN ORDER TO BE ABLE TO MAKE CONCESSIONS. MOREOVER, IF THIS ISSUE WERE EMPHASIZED IN THE TPG, THEN SOME LDCS WHICH HAVE INDICATED PRIVATELY THAT THEY ARE PREPARED TO MAKE CONTRIBUTIONS BUT HAVE TO DO SO DISCRETELY WOULD PERFORCE HAVE TO MAKE HOSTILE NOISES UNDER GROUP

PRESSURE. A SINGLE OFFER LIST SHOULD MINIMIZE THE LIKELIHOOD OF SUCH DEVELOPMENTS.

6. AS TO THE FORMAT OF OFFERS, THE U.S. PREFERS A SIMPLE FORMAT FOR PRESENTATION OF OFFERS. THE U.S. DEL COULD PROPOSE INCLUSION OF (1) THE TARIFF ITEM NUMBER AND DESCRIPTION OF THE ITEMS BEING OFFERED, (2) THE PRESENT LEGAL OR STATUTORY TARIFF RATES AND THE RATE ACTUALLY BEING APPLIED IF DIFFERENT FROM THE STATUTORY RATE, AND (3) THE TARIFF REDUCTION OFFERED. WITH RESPECT TO THE TARIFF REDUCTION OFFERED, THE U.S. WOULD COVER THIS COLUMN FOR ALL ITEMS ON ITS LIST BY A COVERING STATEMENT THAT U.S. IS PREPARED TO NEGOTIATE TARIFF REDUCTIONS ON THE TARIFF CATEGORIES INCLUDED IN ITS OFFER LIST UP TO THE LIMITS OF ITS NEGOTIATING AUTHORITY UNDER THE U.S. TRADE ACT AND WHETHER AND TO WHAT EXTENT TARIFFS ON SPECIFIC ITEMS WERE REDUCED WOULD DEPEND ON THE EXTENT OF CONTRIBUTIONS BY COUNTRIES POTENTIALLY BENEFITTING FROM THE U.S. TARIFF REDUCTIONS.

7. THE U.S. COULD AGREE TO A COLUMN INDICATING THE REQUESTING COUNTRIES FOR EACH ITEM IF THE TPG SO DESIRED, BUT WE WOULD PREFER - FOR OBVIOUS REASONS - THAT THOSE COUNTRIES BE LISTED WHICH ARE THE PRINCIPAL AND SUBSTANTIAL SUPPLIERS, REGARDLESS WHETHER THEY ARE REQUESTING COUNTRIES. THE US SHOULD NOT FAVOR LISTING ALL THE REQUESTS MADE OF IT AND ITS RESPONSES ON THE GROUNDS THAT REQUESTING COUNTRIES HAVE BEEN INFORMED IN BILATERAL CONSULTATIONS OF THE REQUESTS THAT COULD NOT BE GIVEN A POSITIVE RESPONSE, THAT COUNTRIES WISHING TO PURSUE THEIR REQUESTS MAY DO SO IN SUBSEQUENT BILATERAL AND PLURILATERAL CONSULTATIONS, AND THAT THE PAPERWORK INVOLVED IN SUCH A COMPILATION WOULD PLACE UNACCEPTABLE BURDENS ON THE DELEGATIONS OF THE COUNTRIES MAKING OFFERS. US DEL SHOULD INDICATE DEVELOPMENT OF LIMITED OFFICIAL USE

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COMPLEX FORMAT WOULD DELAY TABLING OF OFFER BEYOND MARCH 1.

8. IN THE COVERING STATEMENT TO THE US OFFER, THE US WOULD ALSO STATE THAT THE OFFER RESPONDS ONLY TO REQUESTS FOR TARIFF REDUCTIONS. STATEMENT ALSO COULD INCLUDE OBSERVATION THAT RECENTLY IMPLEMENTED US GSP IS NOT INCLUDED IN OFFER, SINCE GSP IS NON-RECIPROCAL GRANT. HOWEVER, MANY PRODUCTS ON REQUEST LISTS ARE INCLUDED ON US GSP.

9. CONSOLIDATION OF OFFER LISTS AND OTHER WORK BY THE GATT SECRETARIAT: THE US SHOULD SEEK SUPPORT FOR A CONSENSUS AMONG THE DEVELOPED COUNTRIES MAKING OFFERS TO OPPOSE A SECRETARIAT CONSOLIDATION OF INITIAL OFFERS ON A PRODUCT-BY-PRODUCT BASIS OR BY REQUESTING COUNTRIES, ALTHOUGH WE WOULD NOT EXPECT TO OPPOSE A GATT DOCUMENT SIMPLY CONTAIN-

ING ALL OF THE OFFER LISTS. THE US DOES NOT SEE A VALID USE FOR A CONSOLIDATED LIST OF OFFERS PRODUCT-BY-PRODUCT AND BELIEVES THAT PREPARATIONS OF SUCH A LIST WOULD INVOLVE AN INORDINATE AMOUNT OF SECRETARIAT TIME AND EFFORT. HOWEVER, IF THIS EFFORT IS UNSUCCESSFUL, US DEL SHOULD REQUEST THAT THIS ISSUE BE CARRIED OVER TO THE NEXT MEETING OF THE TPG. SHOULD, NEVERTHELESS, A CONSOLIDATED LIST BE PREPARED SOMETIME IN THE FUTURE, THE US WOULD HAVE TO INSIST THAT THE MFN AND GSP TARIFF TREATMENT OF ANY PRODUCT CATEGORY ON THE LIST BE SHOWN FOR EACH COUNTRY WHICH HAD SUBMITTED AN OFFER LIST IF IT HAD NOT MADE AN INITIAL OFFER ON THE PARTICULAR PRODUCT CATEGORY. ONLY THROUGH A COMPLETE LISTING OF THIS SORT COULD A FAIR COMPARISON BE MADE OF THE VARIOUS COUNTRIES SINCE PRODUCTS ON WHICH ONE COUNTRY WOULD BE MAKING AN OFFER MIGHT BE RECEIVING DUTY-FREE OR FAVORABLE GSP TARIFF TREATMENT IN ANOTHER.

10. IMPLEMENTATION OF A TROPICAL PRODUCTS TARIFF REDUCTION PACKAGE: DECISION ON IMPLEMENTATION CAN ONLY BE MADE IN LIGHT OF PROGRESS OF NEGOTIATION.

11. OBSERVER STATUS FOR UNCTAD AND UNCTAD RECEIPT OF DOCUMENTATION: UNCTAD SHOULD BE ALLOWED TO RECEIVE THE MARCH 1 OFFER LISTS EVEN THOUGH THEY ARE CONFIDENTIAL NEGOTIATING DOCUMENTS. TO REFUSE TO ALLOW UNCTAD TO HAVE THE OFFER LISTS IS A FRUITLESS EXERCISE SINCE THEY WILL RECEIVE LIMITED OFFICIAL USE

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THEM ANYWAY FROM SOME LDC. FURTHERMORE IT COULD BE CHARGED THAT TO DENY UNCTAD ACCESS TO THE LISTS WOULD HAMPER ITS ABILITY TO GIVE LDCS TECHNICAL ASSISTANCE IN THE MTN. THE US DEL, INSTEAD OF ATTEMPTING TO DENY UNCTAD ACCESS TO THE DOCUMENTATION, SHOULD EMPHASIZE THE CONFIDENTIAL HANDLING REQUIRED FOR NEGOTIATING DOCUMENTATION AND OBTAIN A COMMITMENT IN THE MEETING THAT UNCTAD WOULD SO HANDLE SUCH DOCUMENTATION, I.E., KEEPING IT FROM NON-PARTICIPATING COUNTRIES, THE PUBLIC, AND USE BY ANY SECTION OF THE UNCTAD SECRETARIAT FOR PURPOSES OTHER THAN TECHNICAL ASSISTANCE TO INDIVIDUAL LDCS PARTICIPATING IN THE NEGOTIATIONS.

12. IN ACCORDANCE WITH PAST PRACTICES, THE US HAS NO OBJECTION TO ATTENDANCE AT THE FEBRUARY 16 MEETING BY THE UNCTAD AS AN OBSERVER. IF THERE IS ANY NEED TO DISCUSS UNCTAD ATTENDANCE AT TPG MEETINGS WITH OTHER DEVELOPED COUNTRY DELS, THE US DEL SHOULD STRESS THAT ANY PROPOSAL TO EXCLUDE UNCTAD FROM A MEETING SHOULD BE APPROACHED FROM A PRAGMATIC AND FUNCTIONAL POINT OF VIEW RATHER THAN AS A MATTER OF PRINCIPLE OR PRECEDENT. THE US BELIEVES NO PRECEDENT IS SET BY UNCTAD AT TPG MEETINGS BECAUSE OF THE SPECIAL AND PRIORITY LDC FOCUS OF THE GROUP. INGERSOLL

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